



Department of Justice

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JUSTICE DEPARTMENT REQUIRES WORLDCOM INC. TO SELL INTERMEDIA IN ORDER TO RETAIN CONTROLLING INTEREST IN DIGEX INC.

Original Deal Would Have Resulted in Higher Prices and Lower Quality Services in the Internet Backbone Market

WASHINGTON, D.C. -- The Department of Justice today announced that in order to resolve antitrust concerns, WorldCom Inc. and Intermedia Communications Inc. have agreed to a divestiture that would allow WorldCom to retain Intermedia's controlling stock interest in Digex Inc. while selling the remaining business operations and assets of Intermedia. The Department said that by adding to WorldCom's leading position in the Internet backbone market, the \$6 billion acquisition, as originally proposed, would have resulted in higher prices and lower quality of services in the Internet backbone market.

WorldCom owns and operates the largest Internet backbone network in the world, and carries more than twice the Internet traffic as its nearest rival. Intermedia also operates a nationwide Internet backbone network, and provides integrated local and long distance voice and data telecommunications services in numerous metropolitan areas throughout the country. In addition, Intermedia owns a controlling interest in Digex Inc., a provider of managed Internet web hosting services.

"American consumers, businesses and Internet users have received enormous benefits from the competitive Internet markets," said A. Douglas Melamed, Acting Assistant Attorney General of the Department's Antitrust Division. "The divestiture of Intermedia will preserve the

competitive structure of the Internet backbone market, while permitting WorldCom to acquire the Digex web hosting business that does not pose a threat to competition.”

The Department’s Antitrust Division filed a lawsuit challenging the original transaction and at the same time filed a proposed consent decree today in U.S. District Court in Washington, D.C. The consent decree, if approved by the court, would resolve the lawsuit and the Department’s competitive objections to the transaction.

The consent decree requires WorldCom to sell the business operations and assets of Intermedia to a qualified third party purchaser while allowing WorldCom to retain Intermedia’s controlling stock interest in Digex Inc.

Internet backbone networks provide Internet service providers and other Internet users with connectivity to Internet sites throughout the United States and the world. Internet web hosting involves a range of services related to the creation and management of a customer’s web site and related applications.

WorldCom (formerly MCI WorldCom Inc.), which had revenues of \$37 billion in 1999, is a Georgia corporation headquartered in Clinton, Mississippi. It is one of the largest global telecommunications providers, with operations in more than 65 countries and more than 22 million residential and business customers worldwide.

Intermedia is a Delaware corporation headquartered in Tampa, Florida. In 1999, Intermedia had consolidated revenues of approximately \$906 million.

Digex is a Delaware corporation headquartered in Beltsville, Maryland. It had revenues of \$59 million in 1999.

As required by the Tunney Act, the proposed consent decree will be published in the Federal Register, along with the Department’s competitive impact statement. Any person may

submit written comments concerning the proposed decree during a 60-day comment period to Donald J. Russell, Chief, Telecommunications Task Force, Antitrust Division, U.S. Department of Justice, 1401 H Street, N.W., Suite 8000, Washington, D.C. 20530.

At the conclusion of the 60-day comment period, the court may enter the consent decree upon its finding that it serves the public interest.

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